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STATE FOR SCA/FO (DEUTSCH), SCA/RA (MICALLER),
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LABOR FOR ILAB (BRUMFIELD)
SIPDIS

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EUN, GM, PK
SUBJECT: GERMAN PARTICIPATION IN MAY 13-14 RECCA CONFERENCE
LIMITED

REF: STATE 039779

Classified By: ECON COUNSELOR INGRID KOLLIST FOR REASONS 1.4 (B) AND (D)
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11. (C) On May 4 and 5, 2009, post delivered reftel points to the German Ministry of Economic Cooperation and Development (BMZ), Ministry of Foreign Affairs (MFA), Ministry of Economics and Technology (BMW) and the German Federation of Industries (BDI), encouraging high-level German participation and support for our objectives within the five working groups at the May 13-14, 2009 Islamabad Regional Economic Cooperation Conference on Afghanistan (RECCA). Our demarche to the MFA was carried out jointly with the Pakistani Embassy. The Afghan Embassy DCM had also planned to participate in the demarche, but had to drop out at the last minute because of another urgent matter.

12. (C) Martin Kipping, Afghanistan Desk Officer, Ministry of Economic Cooperation and Development (BMZ), advised that Martin Schuldes, Counselor for Economic and Development Affairs, German Embassy, Kabul, would lead the German delegation to RECCA. He would be joined by two Kabul-based colleagues -- a development expert from BMZ and a trade expert from the German development implementing agency (GTZ).

Kipping said that RECCA should "not be primarily about pledging," but rather "about regional neighbors talking to each other." He noted Germany's major focus was on "overland trade and transit." What was most needed on the 1965 transit trade agreement, Kipping said, was for Afghanistan and Pakistan to "hammer out their problems." Germany was ready to support moving the process forward in any way it could, though it did not believe that outside financial assistance was required at this time. Kipping was pleased the United States was not emphasizing "trans-boundary water" at RECCA, as the issue had become quite "political," and raising it could scuttle the conference. He also praised U.S. efforts in the area of health, saying they were "working well." Kipping was unaware if any German businesses planned to attend.

13. (C) Ruediger Koenig, Head of the Afghanistan/Pakistan Task Force, Ministry of Foreign Affairs (MFA), was pleased the RECCA meeting would finally take place, as it had been "postponed on three or four occasions." He confirmed that BMZ had the substantive lead for RECCA, but added that the MFA had been instrumental in getting the EU Commission involved, especially in the area of "energy and infrastructure." He understood the "Southeast Asia Directors" would also be attending. Koenig said he would be

surprised if any German businesses participated, as the absence of "state guarantees and security" made Afghanistan unattractive for them at the moment. He also reminded us of the German role in establishing the local chamber of commerce.

¶4. (C) Bernhard Schroeder of the Ministry of Economics' North Africa and Near East Unit said he was unaware of any German businesses planning to participate in RECCA. He pointed out, however, that his Ministry would support a German Near and Middle East Association (NUMOV)-organized meeting between Afghan President Karzai and German firms in Berlin on May 10.

(NOTE: NUMOV encourages trade and investment across the region. With former Chancellor Gerhard Schroeder as its honorary chairman, NUMOV recently dismayed the German Chancellery and Ministry of Economics by sponsoring a business conference attended by the Iranian oil minister. The German government had already agreed to cooperate with NUMOV on the Karzai meeting before learning of NUMOV's involvement with the Iran conference.) Separately, Ministry of Economics officials told us that Economics Minister Karl-Theodor zu Guttenberg was committed to visiting Afghanistan, and is seeking a date for the visit in June or July.

¶5. (SBU) Cornelia Berg, the German Federation of Industries, (BDI's) specialist for Afghanistan, likewise knew of no planned participation by German business. She said BDI had not promoted the conference because of security concerns.

(NOTE: In 2008, German firms exported 267 million euros worth of goods to Afghanistan, according to the German government's Statistical Office; the biggest categories were heavy trucks,

BERLIN 00000531 002 OF 002

machinery and electronics. Meanwhile, German imports from Afghanistan amounted to less than 3 million euros. Since 2004, Bundesbank data show only a handful of German investments in Afghanistan, each below 500,000 euros.)
Koenig